

FISCAL NOTE

HB 587 - SB 1161

April 17, 2001

SUMMARY OF BILL: Creates the *Millennium Trust Fund and Authority Act of 2001* which:

- Creates a board of directors to govern the authority composed of the Governor; Secretary of State; Comptroller of the Treasury; State Treasurer; Commissioners of Finance and Administration; Health; and Human Services; or their designees.
- The board of directors has, but is not limited to, the following powers: 1) Contract for necessary goods and services; 2) Employ necessary personnel; 3) Engage the services of consultants and other professionals for administrative and technical assistance; 4) the power to issue debt in the authority's name, such debt to be secured by payments received by the state under the tobacco settlement agreement as well as such other authority as the board deems appropriate.
- Creates the Millennium Trust Fund for the purposes of management of funds received by the state pursuant to the Tobacco Master Settlement Agreement, including income from the investment of those funds. The trust fund shall consist of two accounts as follows:
 - Non-Expendable Account
 - Shall consist of 50% of all funds received by the state pursuant to the tobacco master settlement agreement.
 - Appropriates 50% of funds to the non-expendable account.
 - Funds in this account shall be invested for the benefit of the account in any of the investments authorized for the Tennessee Consolidated Retirement System.
 - Income earned on the non-expendable account shall remain in the account.
 - Requires the board of directors to certify on or before December 1 of each year, to the Commissioner of Finance and Administration, the amount of earnings that are available for transfer to the expendable account. In determining such amount, the board shall ensure that the purchasing power of the account over time is preserved.
 - Expendable Account
 - Shall consist of 50% of all funds received by the state pursuant to the Tobacco Master Settlement Agreement.
 - Appropriates 50% of funds to the expendable account.
 - In addition, the expendable account shall also consist of funds that may be transferred from the non-expendable account as well as earnings on the expendable account.
 - Funds in the expendable account are available for appropriation by the general assembly for the program purposes provided in this act.

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- Authorizes the authority to administer the following programs and to fund such programs with funds available within the expendable account:
 - a program to enhance early learning and child care initiatives to include subsidies for working families who do not qualify for existing child care subsidies; for improvement of child care quality in this state by funding activities which include child care provider training activities; for increased reimbursement rates for child care facilities that provide superior care; for support of activities of the child care facilities corporation; and for similar activities as approved by the board; such program shall receive a minimum of 25% of funds available each year;
 - a health care enhanced program to include programs designed to reduce youth smoking;
 - a scholarship program for children of tobacco farmers and victims of tobacco-related illnesses.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$43,750,000

Other Fiscal Impact - Earmarks funds received by the state pursuant to the Tobacco Master Settlement Agreement, which for FY00-01 are estimated to exceed \$350,000,000, to implement the Millennium Trust Fund and Authority Act of 2001 provisions established in the bill.

An increase in state expenditures that exceeds \$43,750,000 is estimated based on provisions of the bill that require 25% of funds received in the expendable account to be allocated for programs to enhance early learning and child care initiatives.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director